Amendments to the Specification:

Please delete the paragraph on page 1 under the heading "Reference to Related Applications" and replace with the following:

This application is related to co-pending commonly assigned application no. 09/992,348 entitled "Credit Risk Managing Loan Pools," Attorney Docket No. 1366/US (formerly 10017.00), filed on November 21, 2001, which is hereby incorporated by reference in its entirety.

Please replace the paragraph at page 7, line 26, with the following paragraph:

Each loan in a pool may have numerous different characteristics associated with it in the database, such as the source of the loan, the status of the loan, the loan terms, the type of property the loan was obtained for, characteristics of the borrower, any servicing issues associated with the loan, the loan history, the mortgage insurer associated with the loan and mortgage insurance issues, any loss exposure associated with the loan, ~~unutual~~<u>unusual</u> strings, and recovery characteristics. The risk filters are used alone or in conjunction with other risk filters to identify a loan or loans in the pool having particular risk factors. For example, a set of loans in the pool may have a loan history characteristic of being in 60 days delinquent (filtered with a 60 day delinquent filter), may have a loss exposure characteristic of a high loss estimate (filtered with a loss estimate filter), and a high probability of loss (filtered with a probability of loss filter). This set of loans is identified with the appropriate combination of filters. After identification, appropriate credit risk management techniques may be applied to help avoid additional losses or the realization of a loss associated with these loans, such as putting the borrower on a payment plan to help them avoid foreclosure.

Please replace the paragraph at page 8, line 20, with the following paragraph:

The method for analyzing an electronic record of a loan pool may further include obtaining a probability of loss for each of the at least one loans; and applying at least one probability of loss filter to the electronic record of the loan pool to identify each of the at least one loans with a specified probability of loss. In addition, loans with a specified estimated decline may be identified by obtaining an original appraisal value for the property; subtracting the estimated value of the property from the original appraisal value; dividing the result from the operation of subtracting to obtain an estimated decline; and identifying each of the at least one loans with a specified estimated decline with an estimated decline filter. Furthermore, loan with

a specified estimated loss severity may be identified by obtaining an original balance for each of the at least one loans; dividing the estimated financial outcome for each of the at least one loans by the original balance for each of the at least one loans to obtain an estimated loss severity for each of the at least one loans; and identifying each at least one loan with a specified estimated loss severity with a loss severity filter.

Please replace the paragraph at page 19, line 4, with the following paragraph:

Fig. 5 is a flowchart illustrating a method for estimating a loss from a foreclosure on a mortgage loan according to one aspect of the present invention. The loss estimate is generally an estimate of the net proceeds from selling the property less an estimate of the total debt and costs for the mortgage loan. To estimate the net proceeds from the sale of a property associated with a mortgage loan, first the value of the property associated with a mortgage loan in the loss list is estimated (operation 502). In one example, the most accurate predictor of the sales price for the property on the open market is used to ~~estimated~~estimate the value of the property. For example, if property associated with a mortgage loan in the loss list has already been foreclosed and sold, then the actual sales price for the property is used to estimate the value of the property. Next, the net proceeds resulting from the sale of property is estimated (operation 504), which is preferably a function of the estimated value of the property and the expenses and costs related to selling the property.

Please replace the paragraph at page 22, line 24, with the following paragraph:

If there is not a current BPO, then a value derived from a Housing Price Index ("HPI") is set as the estimated value of the property (operation 640). The HPI, in one example, is the value of the property determined using Freddie Mac statistics, which estimates the value of the property by applying a percentage increase to the original value of the property based on location. Freddie Mac statistics are published quarterly. They show a rate of increase or decrease in property values for a given zip code since the end of the preceding quarter. The value of a property is computed by increasing or decreasing its volume from the time it was originated by the cumulative increase or decrease in volume reported by Freddie Mac since the time of its origination. The Freddie Mac statistics are kept in a table, [[know]]known in the art, of the most recently published quarterly HPI statistics. If there is a current BPO, then it is determined whether there is a second current BPO (operation 642). If there is not a second current BPO, then the first current BPO is set as the estimated value of the property (operation

644). If there is a second current BPO, then the average of the first current BPO and the second current BPO is set as the estimated value of the property (operation 646).

Please replace the paragraph at page 25, line 8, with the following paragraph:

Next, a fourth time factor to account for foreclosure proceedings is added to the LT ($TF_{foreclosure}$) (operation 740). The fourth time factor, in one example, is a function of the start date of the foreclosure proceedings and any state-specific foreclosure timing and other foreclosure issues (e.g., redemption periods). To account for state specific foreclosure timing and other issues, reference is made to a table, known in the art, of published expected foreclosure times by state. Referring to the hypothetical LT, a mortgage loan in New Jersey is expected to take 12 months to foreclose, resulting in an adjusted hypothetical LT of July 1, 2002 + 12 months = July 1, 2003.

Please replace the paragraph at page 40, line 18, with the following paragraph:

Finally, if the mortgage loan purpose is not known, then the eighth probability of loss factor is set to zero, which is added to the probability of loss (operation 1276). Referring to the hypothetical, for an equity refinancing the interim probability of loss is: 0 (base probability) + 10 (first probability factor for 60 days delinquent) + 10 (second probability factor for 75 < CLTV < 100) + 1 5 (third probability factor for subprime loan) - 5 (fourth probability factor for second home) + 0 (fifth probability factor for no bankruptcy proceedings) + 5 (sixth probability factor for low document loan) + 5 (seventh probability factor for early payment loss) + 2.5 (~~eight~~eighth probability factor for equity refinancing) = 42.5.

Please replace the paragraph at page 41, line 10, with the following paragraph:

If there are no underwriting exceptions, then the ninth probability of loss factor is set to negative five (-5), which is added to the probability of loss (operation 1280). A mortgage loan without underwriting exceptions indicates that the mortgagor's loan application and supporting documents were reviewed, and it was found that, without exception, the lender obtained and verified all information upon which the decision to make the mortgage loan was based. A lower probability of loss than the base case is indicated because the base case assumes that all mortgage loans have some underwriting risk, a file that has been proven to have no underwriting risk is even less likely than the base case to result in loss. In the base case, the probability of loss factor for a mortgage loan is neither increased nor decreased, in other words

0 is added for underwriting exceptions (operation 1282), as it is assumed that all loans have some underwriting risk, and only those loans where the credit risk manager or servicer has performed a review and is aware of a specific risk, or has performed a review and has proven that there were no underwriting flaws for a particular loan, are adjusted for the risk or for the proof that there is no identifiable underwriting exception. Referring to the hypothetical, for a mortgage loan with underwriting exceptions the probability of loss is: 0 (base probability) + 10 (first probability factor for 60 days delinquent) + 10 (second probability factor for 75 < CLTV < 100) + 15 (third probability factor for subprime loan) - 5 (fourth probability factor for second home) + 0 (fifth probability factor for no bankruptcy proceedings) + 5 (sixth probability factor for low document loan) + 5 (seventh probability factor for early payment loss) + 2.5 (~~eight~~eighth probability factor for equity refinancing) + 10 (ninth probability factor for underwriting exceptions) = 57.5.

Please replace the paragraph at page 60, line 1, with the following paragraph:

Table 5 illustrates the Borrower Characteristics filter group. The Borrower Characteristics filter group includes an original FICO filter, a current FICO filter, a reason for default subgroup, a multiple loans filter, a borrower name filter, a fraud suspect filter, a litigation filter, and a multiple bankruptcies filter. The Borrower Characteristics filter group allows a credit risk manager to sort through and identify particular mortgage loans associated with some of these identified borrower characteristics. In one example, ~~borrow~~borrower characteristics for each loan are compiled from an Altel-CPI servicing system. In another example, the credit risk manager may manually note a borrower characteristic upon its discovery, for instance if a realtor notifies the credit risk manager that the borrower has been involved in a number of fraudulent loan situations in the area in recent months, in which case the credit risk manager would flag the borrower as a fraud suspect.

Please replace the paragraph at page 63, line 16, with the following paragraph:

The Loan History risk filter group further includes an exceeds timeline subgroup having an exceeds estimated foreclosure time filter, an exceeds estimated REO time filter, an exceeds estimated time in 90 days delinquent filter, an exceeds payment plan filter, and an exceeds bankruptcy estimated time to termination filter. As discussed in Section IIB, foreclosure timing, REO timing and the like have associated projected times for these procedures to take place. For each loan, liquidation timing is determined according to the methods illustrated in the

flowcharts shown in Figs. [[7 –10]]7-10. One advantage of the liquidation timing determination is that it is broken-up into several discrete timing factor determinations for a payment plan ($TF_{payplan}$), a bankruptcy ($TF_{bankruptcy}$), a litigation ($TF_{litigation}$), a foreclosure ($TF_{foreclosure}$), and a REO marketing ($TF_{REOmarketing}$) period. Each factor generates an associated estimated liquidation timing which is associated with the loan.

Please replace the paragraph at page 64, line 13, with the following paragraph:

The Loan History filter group further includes a paid-off loan filter, an unusual string filter, a delay status filter, a payment plan filter, and a bankruptcy filter. The ~~paidoff~~paid off filter is used to identify any mortgage loan that is ~~paid-off~~paid off. In one example, a loan is considered paid off if the delinquency history string ends in a "0." Therefore, the ~~paidoff~~paid off filter lists each mortgage loan in the set being examined that has a delinquency history string ending in "0." The unusual string filter lists any mortgage loan having an unusual delinquency history string, such as C to 9, C to F, C to R, F to 9, F to 6, F to 3, R to 9, R to 6, and R to 3. An unusual string is generally considered as any delinquency string that deviates from the expected course. For example, C to 9 indicates that in one month the mortgage loan payments were current, and then in following month the mortgage loan payments were 90 days delinquent. This is unusual because three missed payments showed up at the same time in the delinquency history. Occurrences such as C to 9 are a red flag for the credit risk manager that the mortgagor is having problems making payments (the C to 9 might indicate that three mortgage payment checks bounced), or that the servicer is having difficulty with reporting (the missed payments were not caught by the servicer in a timely manner or were incorrectly reported), or that there is a problem elsewhere; any of which need investigation and correction. The delay status filter is used to filter by any of the factors that might be causing a liquidation delay, such as bankruptcy or litigation. The payment plan filter is used to filter all mortgage loans where the mortgagor is on a payment plan and the bankruptcy filter is used to filter all loans that are associated with a bankruptcy.

Please replace Table 9 at page 67, line 25, with the following table:

Table 9: Loss Exposure Filter Group

Filter Group – Loss Exposure	**Data Source**
Estimated Severity (%)	Calculated
Estimated Probability (%)	Calculated
Estimated Loss	Calculated

Actual Loss from Property Sale	Manual
Actual Severity	Calculated
Underwritten by Servicer	Manual
-Requested – Pending	Manual
-Requested – Denied	Manual
-Requested – Cleared	Manual
-Completed – Issues	Manual
Underwritten by Credit Risk Manager	Manual
-Pending	Manual
-Cleared	Manual
-Issues	Manual

Please replace the paragraph at page 70, line 1, with the following paragraph:

Table 10 illustrates the Recovery risk filter group. In one example, the recovery risk filter group includes a recovery expected filter and a recovery actual filter. Generally, recovery refers to the quantitative value that the loss mitigation activities performed by the credit risk manager and other users of the system have provided. For example, if the credit risk manager identifies a loan that has been 90 days delinquent for four months and should be in foreclosure, and then contacts the servicer to correct the problem. Facilitating the identification of a loan that should be in foreclosure indicates that some recovery is expected. If the liquidation time line is improved by a total of four months due to the identification of the problem, and for each reduced month in liquidation there is a savings of $1000, then the expected recovery is $4000. The actual recovery might be some number more or less than $4000 depending on how much the liquidation timing is actually improved[[by]].